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BankBeat

PASSION

for Community Banking

UBB's Bill Rosacker leveraged correspondent experience to lead nation's first bankers' bank

By Tom Bengtson

EACH YEAR AS the leaves start to turn, community bankers from Washington to Ohio enjoy a two-day seminar hosted by United Bankers' Bank of Bloomington, Minn. The event for UBB "Standard Bearer" customers annually lives up to its name: The Grand Event. One year, the multi-course dinner included the opportunity to taste a half-dozen different glasses of wine. Another year, a chef greeted everyone for breakfast and made omelets attendees could order to their liking. The concluding luncheon at last October's affair featured stories about baseball and politics from prolific writer George Will. Attendees got a copy of his latest book, a collection of essays about the Chicago Cubs. Regular Grand Event attendees may shelve several books from UBB events, including a book by a former CIA spy, a memoir by the U.S. Navy's first female fighter pilot and a thriller by the late St. Paul writer Vince Flynn.

Lifetime Achievement Award

Long-time UBB President William Rosacker, as always, was gracious and welcoming at the 2017 seminar, despite losing his wife of 43 years, Pam Rosacker, days earlier. Pam, so often seen at Bill's side at the various industry meetings, died after a short battle with cancer. Bankers got a clue something was seriously wrong when Pam missed the early-August Independent Community Bankers of Minnesota convention, where her kids, Billy and Stephanie, accepted a 50-years-in-banking recognition award for her.

This year, Rosacker received his own ICBM award recognizing 50 years in the business; but far from eyeing retirement, the 73-year-old banker remains passionate about community banking. At last year's Grand Event, Rosacker welcomed North American Banking Company CEO Michael Bilski, who demonstrated ExcheQ, a Venmo-like person-to-person payments product his bank had just launched. Rosacker, like payments guru Bilski, believes community banks must hold onto their role in the payments system. Leveraging partnerships and strategic alliances, UBB is working to give community banks greater P2P payments capability.

Because of the impact Rosacker has had on UBB, his many customers and the community banking industry across the country, *BankBeat* magazine is honoring him with its first-ever Lifetime Achievement Award.

Leader for the 'Minnesota Experiment'

When bankers in the mid-1970s formed the Independent State Bank of Minnesota, observers called it the Minnesota Experiment. The idea that banks could band together to form their own "bankers' bank" was untested but well-understood by small-town bankers who, discontented buying services from the region's super banks, believed such relationships put their customers at risk of being poached. A decade into the experiment, the farm crisis was in full swing and many farmers had trouble paying back loans held by ISBM customer banks. With its limited services charter, ISBM was involved in just two kinds of lending: ag participation loans and bank stock loans. Prohibited from making direct loans to the general public, ISBM bought pieces of farm loans its customers made, in addition to marketing those pieces to other community banks. With the farmers unable to keep up, their lenders suffered – some so severely they had



In 1988, when this photo was taken, Bill Rosacker was three years into his effort to stabilize the Independent State Bank of Minnesota. As the ag crisis dissipated, the bank regained its strength. In 1988, the bank had \$54.8 million in assets. On June 30, 2018, the bank had assets of \$906 million.

trouble paying off those loans with ISBM.

When Rosacker joined the bank in 1985, he identified a number of problems that needed to be resolved. Among his early moves: he reduced the size of the staff, froze salaries and dropped employee benefits including his own. Rosacker set a goal of raising \$2 million in capital to add to the \$2 million it already had. He hosted meetings all over the state, bringing together small groups of bankers to urge them to support ISBM.

“I went on the road and I was brutally honest. I went through almost every credit explaining what the problem was, and where we had problems in the bank and what we were going to do about it,” Rosacker explained. “I had people come up to me after those meetings thanking me for being so straight forward.” Ultimately, Rosacker raised \$1.8 million.

Additional capital was key but other moves helped to preserve the bank. For example, one person Rosacker retained on staff was Anne Hofstede who headed the bank’s operations. She was the bank’s primary contact with most of its customers throughout her career, which concluded with her retirement two months ago.

Key hires included Jeff Betchwars who managed the bank’s investment portfolio, and Chuck Blair from the Federal Reserve Bank of Minneapolis to be his senior lender. Rosacker also hired Kevin

Bostrom who broadened the bank’s participation lending into real estate and commercial loans. And he hired Chuck Hokans to handle marketing.

“My job was to contact all our customers and convince them not to close their accounts,” Hokans said. He convinced many, although a number of banks reduced their balances. Rosacker called Hokans’ efforts successful because over the years the bank came up with other services that it marketed to all its customers. Some of those with minimal balances during the tough years ended up being its biggest advocates when conditions improved and new products were introduced.

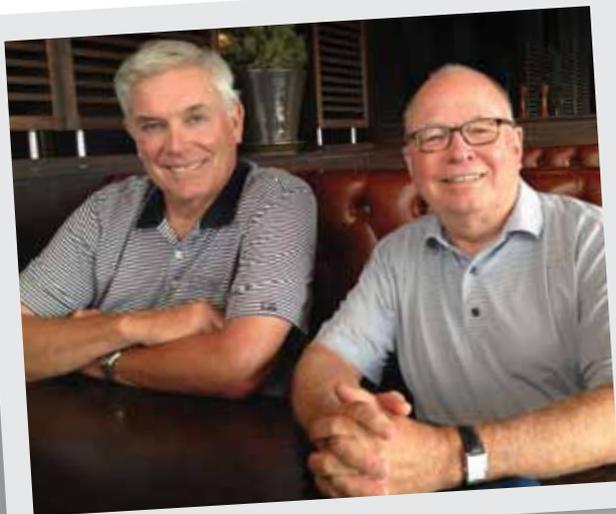
Rosacker knew the importance of developing good relationships with the regulators. One of the reasons Rosacker hired Blair was because of his regulatory experience. The Fed might be more understanding with a former employee now working on the inside at ISBM. As for the State of Minnesota, the Commissioner of Commerce at the time, Mike Hatch, was Rosacker’s neighbor. Their kids went to the same school. Rosacker said Jim Miller, the Deputy Commissioner of Commerce for Banking, and the politically astute Hatch sincerely wanted to see the bank succeed. “They understood the role the bankers’ bank played supporting the other banks,” Rosacker commented. “The economy in rural Minnesota was tough,” and preserving the banks was tantamount to saving the economy.

The right training

Rosacker attended schools in St. Paul: Saint Thomas Military Academy and then Saint Thomas College. He thought he might like to be a teacher or a coach but he turned his attention elsewhere when he discovered that seemingly everyone in college wanted to be a teacher or coach. Instead, he started his career in retail. But after selling men’s suits at Dayton’s, Rosacker sought work that potentially offered hours more regular than those proffered by the region’s dominant department store. One of his college buddies ended up working at Marquette Bank; Rosacker called him and landed his first job in banking in 1968.

Not that it would be glamorous. Rosacker’s job was to sell the BankAmericard to merchants

Chuck Hokans (left) and Kevin Bostrom, both now retired, were key members of Rosacker’s staff at United Bankers’ Bank for more than a quarter of a century.



Lifetime Achievement Award



Stephanie Rosacker Forbes and William Rosacker, Jr., with their father. "The biggest thing Dad taught me is that even though banking is a transaction business, it's really a relationship business," commented Stephanie. When asked about his father, William (Billy) said, "Dad? He's my hero!"

on behalf of Marquette. He'd set up a breakfast meeting in the basement of a local cafe and invite a few merchants. With a projector and a 16-millimeter color movie to provide visuals, Rosacker would explain to cash-oriented merchants why they should work with credit cards.

It turned out that a lot of the skills he would use later in his career got a test run at Marquette. In addition to developing sales presentation skills, Rosacker developed operational acumen by taking his turn operating the "address-o-graph" machine that Marquette used to punch out the credit cards. He assisted the team who sorted the cards into envelopes, each addressed with the name of a new customer.

Rosacker was in the credit card department for only a year and a half, but the experience gave him a glimpse into the payments system. Credit cards, he could see, helped banks provide an important service to merchants and retail customers.

By 1969, Rosacker transferred to Marquette's correspondent banking division, calling on banks in North Dakota and northwestern Minnesota. Rosacker called on hundreds of community bankers, saying he loved the work. Apparently

participations and bank stock loans were not so different from men's suits: Rosacker enjoyed talking to customers and closing a sale. Within six years, he was named manager of correspondent banking at Marquette Bank.

Although Rosacker was on the road frequently, his office was located near the office of the bank's owner, Carl Pohlad. Rosacker noticed an assistant from a local law firm who frequently visited to deliver paperwork related to Marquette Bancshares. Her name was Pam Kaiser.

During one early conversation, Rosacker told Pam he worked in correspondent banking.

"My family owns a bank," she said.

Skeptical, Rosacker responded, "It does? Where?" "Bagley, Minnesota."

Bagley was in Rosacker's calling area, but he couldn't recall details about the bank. He pulled out a bank directory and found the listing for the First National Bank. Kaiser proceeded to name the officers and directors of the bank, which Rosacker was able to confirm immediately in the directory.

Perhaps it was the community banking connection, perhaps it was something else, but the two hit it off and were married in 1974.

Pam accompanied Bill on banking trips throughout most of his career. The Rosackers were frequent photo subjects in the pages of this magazine. (I remember one national meeting where Pam popped the SD card out of her own camera and offered it to me after I lost the one in my camera.)

The Marquette years proved to be the appropriate training for the challenge waiting at the Independent State Bank of Minnesota. Hiring the right people, trimming expenses, raising capital, and winning the confidence of regulators proved to be a winning strategy. Rosacker told his board it would take five years to get the bank back on solid footing, a task that actually took about four years.

The renaissance

The ag and S&L crises dissipated as the 1990s emerged, and Congress passed two industry reform laws (FIRREA and FDICIA) to mitigate the chances of similar industry turmoil. About that same time, Rosacker had pulled the ISBM through its crisis, truly ushering the bank into a new era. The renaissance was symbolized in 1990 by the bank's move to the top floors of Bloomington's 15-story Southpoint Center from the windowless basement of a downtown Minneapolis office tower. And, in 1993, the bank changed its name to United Bankers' Bank, which importantly freed it to serve banks in states other than Minnesota without sending the mixed marketing messages its old name would have evoked.

"When Bill joined the bank, he provided the leadership we needed. He brought optimism," Hokans commented. "Bill's enthusiasm and zest for the business made the difference. Bill touted the enormous difference independent banks gave the communities. He saw UBB's potential to contribute to the industry and he had the chutzpah to stick it out."

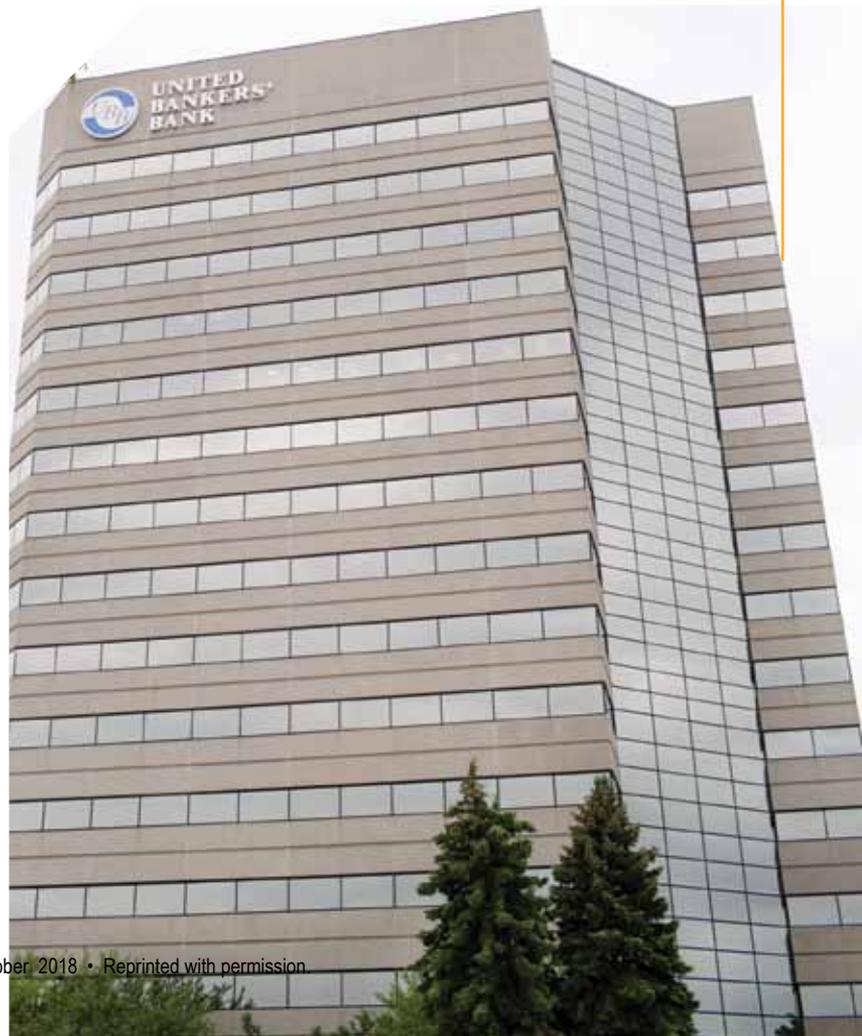
Although the banking industry prospered generally unfettered until the economic crisis of 2008, correspondent banking changed substantially in the 1990s and early 2000s. The largest banks cut back on the business, essentially turning it over to the bankers' banks. "Timing is everything and we came along at a time when the big banks didn't even want to talk to smaller banks," said Bostrom, who retired earlier this year. UBB expanded

its reach to the Dakotas, Montana, Iowa and Nebraska. When the Independent Bankers Bank of Springfield, Ill., failed in December of 2009, UBB ramped up in Illinois.

Just as the Great Recession was setting in, UBB began servicing banks in Washington, Oregon and Idaho. With many banks clamping down on credit in response to the crisis, UBB found a number of banks that were looking for a new credit partner. Today the Pacific Northwest is a vibrant part of UBB's market footprint.

Most recently, the bank has added Michigan and Ohio to its customer area with the acquisition of the Great Lakes Bankers Bank. Rosacker had been talking to GLBB leadership about a possible merger. Their services were complementary, GLBB offering compliance consultancy and loan review, while UBB offered investment sales and asset/liability management in addition to HR and bank valuation services. A deal was sealed in 2016.

For Rosacker, the merger was a crowning achievement in his decades-long service to the bankers' bank. He says United Bankers' Bank



Lifetime Achievement Award



Rosacker reflecting on his tenure at United Bankers' Bank: "I have four loves: Pam, the two kids and this bank... We're not a bank. We're family."

has succeeded because of its focus. "We have stuck to a basic message of providing quality products and services to our customers and always putting them first. We do everything for them," Rosacker said.

"Over 30 years, we raised close to \$40 million in capital," noted Hokans, who retired in 2014. "That is as validating a comment as you could get that the bankers saw the benefit of what we were trying to do."

During the last 33 years, Rosacker guided UBB as it grew to more than \$900 million in assets from \$30 million, 132 employees from fewer than 20, and more than 1,000 customers in 14 states from a

couple hundred all in one state.

While Rosacker is retirement age, he said he wants to remain at United Bankers' Bank at least until its 45th anniversary, which the bank will commemorate in 2020. "I don't know what I'll do when I retire," he says.

"When I say I love community banking, I have four loves: Pam, the two kids and this bank. This bank is really important to me; it's like seeing a child grow up and become something. We've got great people. I argue with some of them, fight with some of them, but we've got great people.

"And we're not a bank. We're family." ❖

Rosacker's 50-year career recognized by ICBM

On August 10 at the Mystic Lake Events Center in Prior Lake, the Independent Community Bankers of Minnesota presented Bill Rosacker with an award commemorating his 50-year career in banking. The award was presented by ICBM Immediate Past Chair Harry Wahlquist, Star Bank, Eden Prairie, Minn. Like Rosacker, Wahlquist is a long-time correspondent banker. Following are excerpts from the comments offered by Wahlquist:

“Bill Rosacker took the reins at United Bankers’ Bank in 1985 amidst the farm crisis that challenged community banks throughout the Midwest. He put UBB on a path to growth and success by emphasizing over-the-top customer service, ongoing product innovation, and application of advanced technologies.

“Today, UBB is a \$900



million correspondent bank providing a full-range of deposit, lending, investment and consulting services to community banks from the Pacific Northwest to the Great Lakes. Bill's contributions through leadership roles in ICBA are extensive. He has served as chair of ICBA's Political Action Committee and PAC auction. And, he served as chair of ICBA's quality control sub-committee. In addition to serving as secretary to ICBA's executive committee, he has given his time and talent as a board member of ICBA and ICBA Bancard and TCM Bank.

“Bill sits on the board of the bank his children co-own — The First National Bank of Bagley. He is a past president of the Bank Holding Company Association and the Bankers’ Bank council. He also is a board member of the Electronic Check Clearing House Organization. And he and UBB have been generous supporters of the Independent Community Bankers of Minnesota for decades.

“In addition to UBB's accomplishments over the years, Bill's favorite memories have come from the relationships and friendships he's built over the years. I am proud, I hope, to be one of them. Congratulations Bill on your 50-year career in community banking. In my opinion, my friend, you are the dean of correspondent banking in the Upper Midwest.” ❖